but to go for nuclear weapons.Till today, I have not said this. I have always maintained that we should have an open mind on this issue. Today, situation is changed. It has become critical, grave and in this atmosphere, we must have deterrents. Deterrents have got value in international politics in warfare. I do not thin there is any alternative except to go nuclear now. Let not the Prime Minister or the Defence Minister or the Foreign Minister say that we will do everything that that is possible to defend ourselves. You must take the country into confidence. It take it that Pakistan is nuclear now and we have no alternative but to go nuclear now. China has already become nuclear. That is the only way open to us. This is inevitable inescapable and inexonerable.

1 P.M.

THE VICE-CHAIRMAN (SHRI G.S. SWAMINATHAN): The House now stands adjourned till 2.30.

The House then adjouned for lunch at one minute past one of the clock.

The House reassembled after lunch at thirty-two minutes past two of the clock **The Vice-Chairman (Shri G. Swaminathan)** in the Chair.

SUPPLEMENTARY DEMANDS FOR GRANTS (RAILWAYS) 1986-87

THE MINISTER OF STATE OF THE MINISTRY OF RAILWAYS (SHRI MADHAVRAO SCINDIA) : Sir, I beg to lay on the Table a stateent (in English and Hindi) showing the Supplementary Demands for grants (Railways) for the year 1986-87. [Placed in Library *See* No. LT-3159/86]

Sir, I have to make a statement,

THE VICE-CHAIRMAN: Yes, please make the statement.

STATEMENT BY MINISTER

I I. Re. Proposals for changes in Railway Freight structure and Parcel and luggage Rates

THE MINISTER OF STATE OF THE MINISTRY OF RAILWAYS (SHRI MADHAVRAO SCINDIA): Sir, the House will recall that while presenting the Budget Estimates for 1986-87, the then Minister of Transport, Shri Bansi Lal, had envisaged an originating loading target of 267 million tonnes of revenue earning goods traffic for the current year. The House will be glad to know that upto the end of September, 1986, the Railways have carried about 128.4 million tonnes of revenue earning traffic which exceeds the target for this period by about one million tones. This represents an increase of about 8.4 million tonnes of originating traffic compared to the corresponding period of last year. The loading would have been even better had there not been less materialisation of certain programmed bulk commodities. I have every hope that with concerted effort, the Railways will end the financial year clearing at least 270 million tonnes of revenue earning traffic which would be an improvement of as much as 12 million tonnes as compared to the last year and 3 million tonnes over the target. The trend under Passenger and Other Coaching is also improving and I anticipate that the net traffic receipts may be about Rs. 106 crores above the Budget Estimates.

There is a continuous thrust to increase the productivity of the system by better utilisation of assets, I am glad to inform the House that to end of August 1986, the leading efficiency indicator, that is, Net Tonne Kilometres Per Wagon Per Day (Broad Gauge) has risen to 1260 compared to 1189 achieved in the corresponding period of the previous year.

While the position of traffic lifted as well as the productivity of the system is quite satisfactory, the Working Expenses have come under a very heavy strain because of the post-budget increase in staff costs. The outgo resulting from the implementation of Pay Commission's recommendations alone is estimated at Rs. 462 crores. The Dearness Allowance instalment sanctioned by the Government from the 1st of April 1986, implies a liability of Rs. 25 crores. An additional amount of about Rs. 33 crores has been paid to the Railway Staff on account of Productivity Linked Bonus. These three factors account for an additional requirement of Rs. 520 crores under Ordinary Working Expenses.

Contribution to the Pension Fund was increased to Rs. 280 crores in the current year's Budget compared to Rs 260 crores provided in the year 1985-86. However, keeping in view the increase in disbursements arising out of liberalisation of Pension Rules, the Railway Convention Committee have recommended enhancement of this contribution to Rs. 350 crores in the current year itself. Therefore, it is necessary to provide an additional sum of Rs. 70 crores as contribution to Pension Fund.

Thus, even without taking into consideration any further increases in dearness allowances that may be sanctioned during the current year, the staff costs of the Railways are likely to be increased by Rs. 590 crores over the Budget Estimates.

The House will thus notice that in spite of an additional anticipated earnings of Rs. 106 crores, generated through more traffic effort, there will still remain an adverse impact of about Rs. 484 crores on the financial position of the Railways resulting in a shortfall of Rs. 415 crores compared to a surplus of Rs. 69 crores shown at the time of the Budget. The House will appreciate that this situation, resulting from a steep push up of staff costs mainly arising out of Pay Commission's recommendations, is due to factors beyond the control of the Railways.

I want to assure the House that we are already engaged in a very intensive drive to scale down the revenue expenditure to the maximum extent possible, taking care, however, that it does not in any way affect the maximising of revenue. In the current year, due to an all out effort for traffic maximisation the Railways are expected to net Rs. 421 crores from additional traffic over the earnings realised in 1985-86. For a traffic effort of this level, the normal increase in ordinary working expenses would have been about Rs. 300 crores. Nevertheless, we resolved that in the national interest, Railways should make a supreme effort to absorb most of the increased cost by even greater productivity and economies. An honest and sincere effort is being made to achieve this end.

However, with the implementation to the recommendations of the IVth Pay Commission, involving an increase in staff costs of about Rs. 462 crores, the financial picture has changed drastically and the Railways are now likely to end with a net shortfall of Rs. 415 crores, after payment of full dividend to General Revenues.

The House is also aware that the Government is keen to keep the quantum of deficit financing to the minimum. Any substantial loss on the railway system would tend to increase the quantum of deficit financing as a whole in the country. It is against this background that it has become necessary to propose some adjusments in railway tariffs at this time, in order to raise some additional resources and thereby helping to minimise the burden on the General Budget.

As the House is aware, the railway freight tariffs are telescopic in nature that is, keeping in view the

reduction in the share of fixed costs the freight rates are tapered down with the increase in distance. The degree of this taper needs review from time to time in the light of the pattern of traffic, changes in technology, cost of operation etc. I have, therefore, proposed a slight flattening of the taper which would given an additional revenue of Rs. 313 crores in the current year as also serve the purpose of rationalising the freight streucture on the Railways, In regard to parcel and luggage traffic, I propose to increase the rates by 15% which will yield an additional revenue of about Rs. 7 crores. These proposals will be effective from 1-12-1986.

The House will recall that in the Budget Estimates for the current year there was no increase in freight tariffs whatsoever. In respect of passenger traffic as much as 90% of the travelling public were not subjected to any increase. There was a marginal increase in respect of Second Class Mail and Express passengers and a larger increase in respect of upper class passengers. However, as about 98% of the passengers who travel by rail are from lower and middle income groups, I have decided that in order to avoid hardship to them, I would not make any increase whatsoever in passenger fares.

With the implementation of these proposals which will yield additional earnings of Rs. 320 crores in the current year, Railways will be left with an uncovered gap of Rs. 95 crores in the current year. A Memorandum is being circulated to the Hon'ble Members, containing details about the proposals. It will be our constant endeavour during the course of the year to bridge this gap to the maximum extent possible through further intensification of the traffic effort.

THE CONSTITUTION (AMENDMENT) BILL, 1986— (TO AMEND ARTICLES 81, 82, ETC.)

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN) : Now, Bills for introduction. Mr. Chitta Basu. Not here. Yes, Mr. Sharad Yadav.

श्री शरद यादव : (उत्तर प्रदेश) श्रीमन्, मैं प्रस्ताव करता हूं कि भारत के संविधान का और संशोधन करने वाले विधेयक को पुरःस्थापित करने की अनुमति दी जाये ।

The question was put and the motion was adopted.

श्री शरद यादव : श्रीमन्, मैं विधेयक को पुरःस्थापित करता हूं ।

THE CONSTITUTION (AMENDMENT) BILL, 1986—(TO AMEND THE TENTH SCHEDULE).

श्री सत्य प्रकाश मालवीय (उत्तर प्रदेश) : श्रीमन्, मैं प्रस्ताव करता हूं कि भारत के संविधान का और संशोधन करने वाले विधेयक को पुरःस्थापित करने की अनुमति दी जाये ।

The question was put and the motion was adopted.

श्री सत्य प्रकाश मालवीय : श्रीमन्, मैं विधेयक को पुरःस्थापित करता हूं ।

THE CONSTITUTION (AMENDMENT) BILL, 1984 TO AMEND ARTICLE 371)

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN) : The hon. Minister will reply to the debate concluded in the last session.

THE MINISTER OF STATE IN THE MINISTRY OF LAW AND JUSTICE (SHRI H.R. BHARDWAJ) : Sir, the Constitution (Amendment) Bill, 1984, moved by Shri V.M. Jadhav, M.P., seeks to substitute a new article for the existing article 371 of the Constitution. The main purpose